ESKAY MINING CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MAY 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

Eskay Mining Corp.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at May 31, 2021	As at February 28, 2021
ASSETS		
Current assets		
Cash and cash equivalents	**$ 12,662,103**	$ 14,473,006
Amounts receivable (note 6)	**98,603**	105,908
Prepaid expenses and other deposits (note 3)	**790,202**	884,462
Investment (note 10)	**10,621,716**	-
Total current assets	**24,172,624**	15,463,376
Non-current assets		
Deposits and exploration advances (note 4)	**72,870**	72,870
Equipment (note 5)	**74,992**	78,939
Total assets	**$ 24,320,486**	$ 15,615,185
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 8)	**$ 300,348**	$ 792,010
Amounts due to related parties (note 16)	**25,003**	106,845
Flow-through share liability (note 9)	**3,619,196**	4,017,837
Total current liabilities	**3,944,547**	4,916,692
Non-current liabilities		
Provision for reclamation (note 7)	**65,052**	64,633
Total liabilities	**4,009,599**	4,981,325
Shareholders' equity		
Share capital (note 11)	**94,284,434**	82,905,744
Reserves	**11,497,927**	11,413,593
Accumulated deficit	**(85,471,474)**	(83,685,477)
Total shareholders' equity	**20,310,887**	10,633,860
Total shareholders' equity and liabilities	**$ 24,320,486**	$ 15,615,185

Nature of operations and going concern (note 1)
Commitments and contingencies (note 17)
Subsequent events (note 19)

Approved on behalf of the Board of Directors:

"Hugh M. (Mac) Balkam", Director

"J. Gordon McMehen", Director

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Eskay Mining Corp.

Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three Months Ended May 31, 2021	Three Months Ended May 31, 2020
Operating expenses		
Exploration and evaluation expenditures (note 4)	**$ 1,500,608**	$ 311,650
General and administrative (note 15)	**529,186**	84,382
Total operating expenses	**(2,029,794)**	(396,032)
Other items		
Interest income	**9,388**	251
Amortization (note 5)	**(3,947)**	-
Flow-through share liability recovery (note 9)	**398,641**	-
Fair value adjustment on investment (note 10)	**(160,285)**	-
Net loss and comprehensive loss for the year	**$ (1,785,997)**	$ (395,781)
Net loss per share - Basic and Diluted (note 14)	**$ (0.01)**	$ (0.00)
Weighted average number of common shares outstanding - Basic and Diluted (note 14)	**161,455,584**	118,312,021

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Eskay Mining Corp.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three Months Ended May 31, 2021	May 31, 2020
Operating activities		
Net loss for the period	**$ (1,785,997)**	$ (395,781)
Adjustments for:		
Share-based payments (note 12)	**277,893**	-
Amortization (note 5)	**3,947**	-
Accretion (note 7)	**419**	560
Flow-through share liability recovery (note 9)	**(398,641)**	-
Fair value adjustment on investment (note 10)	**160,285**	-
Changes in non-cash working capital items:		
Amounts receivable	**7,305**	(663)
Prepaid expenses and other deposits	**94,260**	4,442
Amounts payable and other liabilities	**(491,662)**	310,233
Amounts due to related parties	**(81,842)**	52,661
Net cash (used in) operating activities	**(2,214,033)**	(28,548)
Financing activities		
Proceeds from subscription receipts	**-**	740,000
Proceeds from exercise of stock options	**28,000**	-
Proceeds from exercise of warrants	**375,130**	-
Net cash provided by financing activities	**403,130**	740,000
Net change in cash and cash equivalents	**(1,810,903)**	711,452
Cash and cash equivalents, beginning of year	**14,473,006**	177,307
Cash and cash equivalents, end of year	**$ 12,662,103**	$ 888,759
Supplemental information		
Units issued for acquisition of Garibaldi Resources Corp.	**$ 10,782,001**	$ -

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Eskay Mining Corp.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

Equity attributable to shareholders

	Share capital	Reserves	Accumulated deficit	Total
Balance, February 29, 2020	**$ 67,387,637**	**$ 1,468,836**	**$ (69,504,120)**	**$ (647,647)**
Net loss for the year	-	-	(395,781)	(395,781)
Balance, May 31, 2020	**$ 67,387,637**	**$ 1,468,836**	**$ (69,899,901)**	**$ (1,043,428)**
Balance, February 28, 2021	**$ 82,905,744**	**$ 11,413,593**	**$ (83,685,477)**	**$ 10,633,860**
Units issued for investment (note 11(b)(i))	10,782,001	-	-	10,782,001
Exercise of stock options (note 11(b)(ii))	52,850	(24,850)	-	28,000
Exercise of warrants (note 11(b)(iii))	543,839	(168,709)	-	375,130
Share-based payments (note 12)	-	277,893	-	277,893
Net loss for the year	-	-	(1,785,997)	(1,785,997)
Balance, May 31, 2021	**$ 94,284,434**	**$ 11,497,927**	**$ (85,471,474)**	**$ 20,310,887**

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

1. Nature of operations and going concern

Eskay Mining Corp. (the "Company" or "Eskay") is a Canadian company incorporated in British Columbia and listed for trading on the TSX Venture Exchange ("TSXV"), the Frankfurt Stock Exchange and the OTCQB Venture Market in the United States. The Company is primarily engaged in the acquisition and exploration of mineral properties. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

These unaudited condensed interim financial statements were approved by the board of directors on July 30, 2021.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has incurred losses in prior periods, and incurred a net loss of $1,785,997 during the three months ended May 31, 2021 (three months ended May 31, 2020 - net loss of $395,781) and has an accumulated deficit of $85,471,474 (February 28, 2021 - $83,685,477). As at May 31, 2021, the Company had a working capital surplus of $20,228,077 (February 28, 2021 - $10,546,684).

On March 31, 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

The Company’s ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these unaudited condensed interim financial statements.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to social and government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's mineral exploration property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of July 30, 2021, the date the Board of Directors approved these unaudited condensed interim financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending February 28, 2022 could result in restatement of these unaudited condensed interim financial statements.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Future accounting policies

IAS 1 Classification of Liabilities as Current or Non-Current (Amendment)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022 and is to be applied retrospectively. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

3. Prepaid expenses and other deposits

	As at May 31, 2022	As at February 28, 2021
Prepaid expenses	**$ 14,582**	$ 13,227
Deposits [(1)]	**775,620**	871,235
	$ 790,202	$ 884,462

[(1)] As at May 31, 2021, there are deposits of $775,620 (February 28, 2021 - $871,235), related to airborne geophysical surveys, drilling, and camp expenses for the Company's exploration program.

4. Exploration and evaluation expenditures

	Three Months Ended May 31, 2021	2020 (i)
ESKAY-Corey		
Surveying, sampling and analysis	**$ 1,147,852**	$ 75,000
Geological and consulting	**208,874**	236,090
Camping procurement and expediting	**134,868**	-
Accretion (note 7)	**419**	560
Transportation	**8,595**	-
Total exploration and evaluation expenditures	**$ 1,500,608**	$ 311,650

(Expressed in Canadian Dollars)

4. Exploration and evaluation expenditures (continued)

(i) Reclassification

The comparative figures related to the Company exploration property breakdown have been reclassified to conform to the presentation adopted to better reflect the way the Company is managing its business decision processes, and budgeting since it acquired a 100% interest in ESKAY-Corey. There is no change to the aggregate expenditure made in the prior period.

ESKAY-Corey

The ESKAY-Corey property is comprised of the following:

St. Andrew (SIB)
Pursuant to an option agreement dated May 7, 2008 and amending option agreement dated January 17, 2013 with St. Andrew Goldfields Ltd., the Company earned an 80% interest in the SIB Property at Eskay Creek, British Columbia (the "Property") by expending an aggregate of $3.98 million on exploration of the Property and issuing further 265,000 common shares. On January 26, 2016, Kirkland Lake Gold Inc. ("Kirkland Lake") announced it completed the acquisition of St. Andrew. St. Andrew is a wholly-owned subsidiary of Kirkland Lake and continued to hold a 20% interest in the SIB Property. St. Andrew and the Company entered into an agreement with an effective date of November 25, 2016 for the further exploration and development of the Property. On March 25, 2021, the Company had acquired a 100% interest in SIB.

On April 26, 2017, the Company announced that it has signed an option agreement (the "Agreement") with SSR Mining Inc. (formerly Silver Standard Resources Inc.) ("SSR Mining") pursuant to which SSR Mining could acquire up to a 60% undivided interest in part of Eskay's SIB Property, located in northwest British Columbia, Canada. SSR Mining formally abandon the option on January 30, 2019 without earning any interest in the SIB Property.'

Corey claim
In September 1990, the Company acquired a 100% interest in mineral tenures located in the Skeena Mining Division, Province of British Columbia for $30,000 cash and a royalty of 5% of net profits from these claims to a maximum of $250,000.

These mineral exploration properties are located in northwestern British Columbia, 70 km northwest of Stewart. The Company holds a 100% interest in these mineral tenures subject to a 2% net smelter royalty.

Deposits and Exploration Advances

As at May 31, 2021, the Company had $72,870 (February 28, 2021 - $72,870) of deposits and exploration advances held by the provincial government of British Columbia. Such deposits were required by the B.C Ministry of Energy and Mines in order to permit the Company to conduct exploration and evaluation activities in that province.

5. Equipment

Cost		
Balance, February 28, 2021	**$**	**80,963**
Balance, May 31, 2021	**$**	**80,963**

(Expressed in Canadian Dollars)

5. Equipment (continued)

Accumulated depreciation

Balance, February 28, 2021	**$**	**2,024**
Depreciation		3,947
Balance, May 31, 2021	**$**	**5,971**

Carrying amounts

At February 28, 2021	**$**	**78,939**
At May 31, 2021	**$**	**74,992**

6. Amounts receivable

		May 31, 2021		**February 28, 2021**
Sales tax receivable - (Canada)	**$**	**80,607**	$	105,462
Other receivable		**446**		446
Subscription receivable		**17,550**		-
	$	**98,603**	$	105,908

7. Provision for reclamation

The Company's provision for reclamation costs is based on management's estimated costs to dismantle and remove its facilities as well as an estimate of the future timing of the costs to be incurred. The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the provision for closure and reclamation associated with the dismantling and removal of the Company's camp:

Balance at February 28, 2021	**$**	**64,633**
Accretion		419
Balance at May 31, 2021	**$**	**65,052**

The Company has estimated its total provision for reclamation to be $65,052 at May 31, 2021 (February 28, 2021 - $64,633) based on an estimated total future liability of approximately $66,312 and an inflation rate of 2.6% (February 28, 2021 - 2.2%) and a discount rate of 1.07% (February 28, 2021 - 1.07%). Reclamation is expected to occur in 2022.

(Expressed in Canadian Dollars)

8. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration and evaluation expenditures and general operating and administrative activities:

	May 31, 2021	February 28, 2021
Accounts payable	**$ 282,752**	$ 695,845
Accruals and others	**17,596**	96,165
Total amounts payable and other liabilities	**$ 300,348**	$ 792,010

The following is an aged analysis of amounts payable and other liabilities:

	May 31, 2021	February 28, 2021
Less than 1 month	**$ 221,673**	$ 529,099
1 to 3 months	**12,277**	121,930
Greater than 3 months	**66,398**	140,981
Total amounts payable and other liabilities	**$ 300,348**	$ 792,010

9. Flow-through share liability

The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance at February 28, 2020	**$ -**
Liability incurred on flow-through shares issued	5,199,350
Settlement of flow-through share liability on incurring expenditure	(1,181,513)
Balance at February 28, 2021	**$ 4,017,837**
Settlement of flow-through share liability on incurring expenditure	(398,641)
Balance at May 31, 2021	**$ 3,619,196**

The flow-through common shares issued in the non-brokered private placement completed during the year ended February 28, 2021, were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $5,199,350.

Date	Flow-through premium
June 3, 2020	$ 85,000
June 19, 2020	675,750
August 19, 2020	682,500
December 11, 2020	1,052,140
December 11, 2020	2,703,960
	$ 5,199,350

The flow-through premium is derecognized through income as the eligible expenditures are incurred.

(Expressed in Canadian Dollars)

10. INVESTMENTS

The common shares of Garibaldi Resources Corp ("GGI") were acquired by Eskay for investment purposes from the Sprott Foundation, in consideration for the issuance of 4,211,719 working capital units of Eskay.

As at May 31, 2021, the Company had 19.5% (February 28, 2021 - nil%) of the outstanding common shares of GGI. Eskay does not exert significant influence on GGI since it does not have representation on the Board of Directors, does not participate in management or decision-making processes, does not share in any management personnel and there are no material business dealings or transactions between the Company and GGI going forward. Therefore, the Company is accounting for the common shares of GGI as a financial asset classified at fair value through profit or loss ("FVTPL").

The investments in common shares are considered a Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the GGI shares, an unrealized gain of $160,285 (three months ended May 31, 2020 - $nil) has been recorded in the unaudited condensed interim statement of comprehensive income (loss) for the three months ended May 31, 2021.

As at May 31, 2021	Number of Common Shares	Cost	Fair Value
Garibalidi Resources Corp (Note 11(b)(i))	23,703,688	$ 10,782,001	$ 10,621,716

11. Share capital

a) Authorized share capital - the authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued - as at May 31, 2021, the issued share capital amounted to $94,284,434 (May 31, 2020 - $67,387,637). Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, February 29, 2020 and May 31, 2020	**118,312,021**	**$ 67,387,637**
Balance, February 28, 2021	**157,419,285**	**$ 82,905,744**
Units issued for acquisition of Garibaldi Resources Corp (i)	4,211,719	10,782,001
Exercise of stock options (ii)	350,000	28,000
Value transferred to share capital from exercise of stock options	-	24,850
Exercise of warrants (iii)	369,255	375,130
Value transferred to share capital from exercise of warrants	-	168,709
Balance, May 31, 2021	**162,350,259**	**$ 94,284,434**

(i) On March 8, 2021, the Company closed the acquisition of 23,703,688 common shares of Garibaldi Resources Corp ("GGI") from The Sprott Foundation, in consideration for the issuance of 4,211,719 working capital units ("WC Units") of Eskay at a price of $2.56 per WC Unit. Each WC Unit consists of one common share of the company and one warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of the sale of $2.82 per warrant until the earlier of: (i) March 8, 2023; and (ii) in the event that the closing price of the common Shares on the TSX Venture Exchange is at least $3.72 for twenty (20) consecutive trading days, and the 20th trading day is on or after August 1, 2021. Upon acquisition of the common shares, the Company held 19.5% of the issued and outstanding common shares of GGI.

(ii) During the three months ended May 31, 2021, 350,000 stock options were exercised at $0.08 per share by directors and consultants for common shares of the Company for gross proceeds of $28,000. A total value of $24,850 was transferred to share capital from reserves as a result of the exercise of these stock options.

(Expressed in Canadian Dollars)

11. Share capital (continued)

(iii) During the three months ended May 31, 2021, 369,255 warrants were exercised for common shares of the Company for gross proceeds of $375,130. The warrants were exercised for the following prices: (1) 107,000 common shares of the Company at $1.30 per share; and (2) 262,255 common shares of the Company at $0.90 per share. A total value of $168,709 was transferred to share capital from reserves as a result of the exercise of these broker warrants.

12. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price ($)
Balance, February 29, 2020 and May 31, 2020	**11,100,000**	**0.15**
Balance, February 28, 2021	**14,370,000**	**0.91**
Exercised (note 11(b)(ii))	(350,000)	0.08
Balance, May 31, 2021	**14,020,000**	**0.93**

(i) The portion of the estimated fair value of options granted in the prior years and vested during the three months ended May 31, 2021, amounted to $277,893 (three months ended May 31, 2020 - $nil).

The following table reflects the actual stock options issued and outstanding as of May 31, 2021:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Fair value ($)	Number of options vested (exercisable)
November 16, 2021	0.22	0.06	1,900,000	375,440	1,900,000
January 30, 2023	0.235	0.21	1,750,000	383,250	1,750,000
February 5, 2023	0.24	0.02	200,000	44,624	200,000
July 4, 2023	0.215	0.03	200,000	39,000	200,000
March 6, 2024	0.08	0.31	1,570,000	111,470	1,570,000
September 5, 2024	0.095	0.30	1,300,000	109,200	1,300,000
December 9, 2024	0.135	0.39	1,550,000	199,175	1,550,000
June 24, 2025	0.24	0.44	1,500,000	308,850	1,500,000
July 21, 2025	0.46	0.10	350,000	144,725	350,000
February 5, 2026	3.00	1.24	3,700,000	9,829,420	3,550,000
	0.93	**3.10**	**14,020,000**	**11,545,154**	**13,870,000**

The weighted average exercise price of the vested options at May 31, 2021 is $0.93.

(Expressed in Canadian Dollars)

13. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price ($)
Balance, February 29, 2020 and May 31, 2020	**4,882,000**	**0.25**
Balance, February 28, 2021	**17,371,597**	**0.66**
Issued (note 11(b)(i))	4,211,719	2.82
Exercised (note 11(b)(ii))	(369,255)	(1.20)
Balance, May 31, 2021	**21,214,061**	**1.08**

The following table reflects the warrants issued and outstanding as of May 31, 2021:

Expiry date	Number of warrants outstanding	Exercise price
June 3, 2022	775,000	$ 0.30
June 19, 2022	5,201,470	$ 0.30
August 19, 2022	6,059,444	$ 0.80
December 5, 2022	4,645,894	$ 1.30
December 5, 2022 (1)	320,534	$ 0.90
March 8, 2023	4,211,719	$ 2.82
	21,214,061	$ 1.08

(1) These warrants are exercisable into units of the Company. Each unit is comprised of a common share and one half of a warrant exercisable at $1.30 until December 5, 2022.

14. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended May 31, 2021 was based on the loss of $1,785,997 (May 31, 2020 - $395,781) and the weighted average number of common shares outstanding of 161,455,584 for the three months ended May 31, 2021 (May 31, 2020 - 118,312,021). The diluted loss per share for the three months ended May 31, 2021 excluded 14,020,000 (May 31, 2020 - 11,100,000) options and 21,214,061 (May 31, 2020 - 4,882,000) warrants that were anti-dilutive.

15. General and administrative

	Three Months Ended May 31, 2021	2020
Professional fees (note 16(ii) and (iv))	**$ 71,384**	$ 40,840
Reporting issuer costs	**21,580**	1,148
Office and general	**43,773**	(7,709)
Advertising and promotion	**48,584**	-
Management and consulting fees (note 16(i))	**64,310**	49,110
Interest and bank charges	**1,662**	993
Share-based payments (note 12)	**277,893**	-
	$ 529,186	$ 84,382

16. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Eskay entered into the following transactions with related parties:

(i) For the three months ended May 31, 2021, the Company paid or accrued $68,060 in management and consulting fees to companies controlled by Marrelli Group of Companies, Balkam Partner and Robert Myhill (three months ended May 31, 2020 - $49,110).

(ii) For the three months ended May 31, 2021, the Company paid or accrued $7,054, in professional fees (May 31, 2020 - $24,811) to Marrelli Group of Companies. As at May 31, 2021, this company is owed $7,887 (February 28, 2021 - $7,053), and this amount is included in amounts due to related parties and in the amounts described in (iii).

(iii) As at May 31, 2021, the Company owed certain officers, directors and parties related to officers and directors $22,897 (February 28, 2021 - $15,010), excluding legal services disclosed in (iv) below, in relation to the transactions described above. These balances are included in amounts due to related parties and are unsecured, non-interest bearing and due on demand.

(iv) During the three months ended May 31, 2021, the Company paid professional fees and disbursements of $20,643 (May 31, 2020 - $18,581) to Gardiner Roberts LLP ("Gardiner"), a law firm of which William R. Johnstone, Corporate Secretary of the Company, is a partner. These services were incurred in the normal course of operations for general corporate matters. As at May 31, 2021, Gardiner is owed $2,106 (February 28, 2021 - $85,995) and this amount is included in amounts due to related parties. These balances are unsecured, non-interest bearing, and due on demand.

As at May 31, 2021, Hugh Balkman, a director of the Company owns 16,883,345 common shares of the Company carrying approximately 10.40% of the voting rights attached to all common shares of the Company. As at May 31, 2021, directors and officers of the Company control an aggregate of 30,954,431 common shares of the Company or approximately 14.00% of the shares outstanding.

At May 31, 2021, the Company is not aware of any arrangements that may at result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

17. Commitments and contingencies

Environmental contingencies
The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management contract
The Company is party to management contracts that require additional payments of up to $144,000 to be made upon the occurrence of certain events such as termination for any reason, other than for just cause. The Company is also party to management contracts that require additional payments of up to $816,000 to be made upon the occurrence of certain events such as a change of control. As the triggering event has not occurred, the contingent payments have not been reflected in these unaudited condensed interim financial statements.

17. Commitments and contingencies (continued)

Flow-through commitment

The Company is obligated to spend $17,246,685 by December 31, 2022. As at May 31, 2021, the Company has spent $3,674,003 as part of the flow-through funding agreement. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company does not have sufficient working capital to cover it's flow-through commitment, and intends to cover its flow-through commitment through additional equity financing.

18. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

19. Subsequent events

On July 5, 2021, the Company announced that they had entered into a cost sharing agreement whereby Seabridge Gold ("Seabridge") and the Company will share the costs equally on construction of the first 9 kilometers of the Coulter Creek Access Road ("CCAR"), estimated to cost $12.0 million. Construction is planned to commence in July.

To fund the Company's share of costs under the Cost Sharing Agreement, Seabridge has agreed to purchase a $6.0 million convertible debenture ("CD") and 1,350,000 warrants from the Company. The Cost Sharing Agreement and the financing are collectively referred to as the "Transaction". At any time up to one year from the closing of the Transaction (the "Closing"), the Company has the sole right to redeem any portion of the CD, plus any unpaid and accrued interest, for cash. At any time after the first anniversary of Closing, Seabridge has the right to convert all or any portion of the principal amount into common shares at a price of $2.81 per share. The CD will mature on the third anniversary of Closing and will bear interest at 3% per annum. At any time after the first anniversary of Closing, the Company has the right to force conversion of the debenture into common shares at $2.81 per share provided that the Company's common shares close at a price equal to or greater than $4.22 for 20 consecutive trading days. The warrants are exercisable into common shares for 3 years at an exercise price of $2.92 in the 2nd year and $3.02 in year 3.

The $6.0 million Seabridge paid for the CD will be held in a segregated account and used to meet cash calls for the Company's share of cost associated with the completion of construction of the first Segment of the CCAR. The Company is responsible to pay any amounts for its portion of the road which exceed the debenture proceeds and will be repaid for any amounts remaining after completion of the first segment of the CCAR.